

Message Text

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12

ACTION EA-09

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FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 5963

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C O N F I D E N T I A L SEOUL 1829

STADIS//////////

E.O. 11652: GDS

TAGS: EFIN, ETRD, KS

SUBJECT: ASSISTANCE FOR KOREAN NUCLEAR PROJECTS

REF: (A) STATE 056446, (B) STATE 041588

1. IN CONVERSATION WITH DEPUTY PRIMIN MARCH 9 AMBASSADOR REVIEWED PROBLEMS WE WOULD HAVE IN OBTAINING CONCESSIONAL AID LOANS FOR THE VARIOUS SCIENCE AND TECHNOLOGY PROJECTS WHICH MINISTRY OF SCIENCE AND TECHNOLOGY (MOST) HAD RECENTLY GIVEN US. AMBASSADOR TOLD NAM THAT WE WOULD DO VERY BEST TO FULFILL COMMITMENTS MADE IN THE CHOI/KRATZER RECORD OF DISCUSSION ON NUCLEAR ENERGY MATTERS IN JANUARY, BUT WE COULD NOT GO BEYOND THEM. CERTAINLY DPM UNDERSTOOD THAT DAY OF SOFT LOANS WAS OVER. AMBASSADOR URGED THAT DPM EDUCATE MOST TO THE REALITIES. NAM IN RESPONSE RECOGNIZED THE PROBLEM AND AGREED ON THE DIFFICULTY OF LOOKING FOR SOFT LOANS AT THE PRESENT TIME.

2. AMBASSADOR ALSO OUTLINED TO NAM THE PROBLEM INVOLVED IN SUBMITTING FORI II LOAN TO CONGRESS EMPHASIZING THAT WE WERE PREPARED TO SUBMIT LOAN NOW WITHOUT WAITING FOR ASSESSMENT OF COST OVERRUNS, IF THERE WERE DOUBTS ON ROK SIDE ABOUT OUR WILLINGNESS TO FULFILL OUR COMMITMENT (REF B). ROKG HAD NO DOUBTS ON THIS SAID NAM. HE SAID HE PERSONALLY PREFERRED TO DELAY SUBMISSION OF KORI II TO CONGRESS UNTIL THE COST OVERRUNS
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ARE CALCULATED AND HAD SO INSTRUCTED ECONOMIC MINISTER AT ROK

EMBASSY WASHINGTON.

3. WITH REGARD FUTURE NUCLEAR NERGY PLANTS, IN VIEW EXIM BANK EXPOSURE PROBLEMS NAM SAID HE HAD SPOKEN TO KOREA ELECTRIC COMPANY (KECO) AS WELL AS OTHERS SUGGESTING THEY SEEK LOANS IN EUROPE. KECO IS NOW NEGOTIATING WITH FRAMATOME ON KORI IV AND V. TOTAL COST WILL RUN TO ABOUT ONE BILLION, INCLUDING TURBINES. NAM AGREED LOAN WILL PROBABLY NEED SOME SORT OF EUROPEAN CONSORTIUM WITH THE POSSIBILITY OF US FINANCING FOR THE TURBINES. BEYOND KORI V NAM WISHES TO TALK TO EXIM ABOUT FUTURE PROPOSITIONS FOR FINANCING NUCLEAR POWER PLANTS. AMBASSADOR URGED HIM TO DO SO AND ALSO TO HAVE KECO REVIEW PROBLEM WITH AMERICAN COMPANIES CONCERNED, GENERAL ELECTRIC AND WESTINGHOUSE. NAM SAID THAT AMERICAN TECHNOLOGY IS STILL PREFERRED PROVIDED WE CAN PROVIDE FINANCIAL SUPPORT THROUGH EXIM. SNEIDER

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